

Hearing Date & Time: December 3, 2008, at 10:00 a.m.
Objection Deadline: November 28, 2008 at 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

LEHMAN BROTHERS HOLDINGS, INC., et al.

Debtors.

(Chapter 11)

Case No. 08-13555 (JMP)

(Jointly Administered)


**EXHIBITS IN SUPPORT OF MOTION FOR RELIEF FROM STAY TO PROSECUTE
ADVERSARY PROCEEDING AGAINST LEHMAN COMMERCIAL PAPER, INC.,
PENDING IN THE BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA AND FOR OTHER APPROPRIATE RELIEF**

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- Exhibit "A" First Amended Complaint
(with exhibits referred to therein)
- Exhibit "B" Notice of Motion and Motion for Relief from the Automatic
Stay Under 11 U.S.C. §362 (with supporting declarations)
- Exhibit "C" Pages 9-11 of Opposition to Motion for Relief from the
Automatic Stay under 11 U.S.C. 362 filed by Lehman
Commercial Paper Inc., as First Lien Administrative Agent
- Exhibit "D" Statement of Lehman Commercial Paper Inc. Regarding
Proceedings on Writ of Attachment as to Third Party McAllister
Ranch Irrigation District

Dated: November 10, 2008
Bakersfield, California

Respectfully Submitted,

/s/ T. Scott Belden 

T. SCOTT BELDEN (CA Bar No. 184387)

Admitted *Pro hac vice*

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EXHIBIT A

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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re
LBREP/L-SUNCAL MCALLISTER
RANCH, LLC,

Debtor.

SUPERIOR PIPELINES, INC., a
California corporation,

Plaintiff,

v.

LBREP/L-SUNCAL MCALLISTER
RANCH LLC, a Delaware limited
liability company; PACIFIC GAS AND
ELECTRIC COMPANY, a California
corporation; MCALLISTER RANCH
IRRIGATION DISTRICT, a local
publicly owned electric utility;
LEHMAN COMMERCIAL PAPER,
INC., a Delaware corporation;
LEHMAN ALI, INC., a Delaware
corporation; GRAMERCY
WAREHOUSE FUNDING I, LLC, a
Delaware limited liability company;
SQUARE MILE STRUCTURED
DEBT (ONE), LLC, a Delaware limited
liability company; SQUARE MILE
STRUCTURED DEBT (TWO), LLC, a
Delaware limited liability company;
LBREP/L-SUNCAL MASTER I, LLC,
a Delaware limited liability company;
LBREP LAKESIDE SC MASTER I,
LLC, a Delaware limited liability
company; SCC VENTURES, LLC, a
Delaware limited liability company; and
DOES 7 through 100, inclusive,

Defendants.

Central District of California
Case No. 8:08-bk-15637-ES
Judge: Erithe A. Smith

Eastern District of California
Case No. 08-00104-B
Judge: W. Richard Lee

Chapter 11

Adv. Proc. No. 08-01226-B

First Amended Complaint for:

- 1. Breach of Contract**
- 2. Foreclosure on Mechanics' Lien**
- 3. Injunctive Relief**
- 4. Declaratory Relief under 11 U.S.C. §§ 362 and 541**
- 5. Declaratory Relief under 11 U.S.C. §§ 362 and 541**
- 6. Determination of Nature, Extent, and Validity of Liens under 11 U.S.C. § 506**
- 7. Equitable Subordination under 11 U.S.C. § 510(c)**

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1 SUPERIOR PIPELINES, INC., a California corporation and petitioning creditor in the
2 above captioned involuntary Chapter 11 bankruptcy case of LBREP/L-SUNCAL
3 MCALLISTER RANCH, LLC, alleges against LBREP/L-SUNCAL MCALLISTER RANCH,
4 LLC, PACIFIC GAS AND ELECTRIC COMPANY, MCALLISTER RANCH IRRIGATION
5 DISTRICT, LEHMAN COMMERCIAL PAPER, INC., LEHMAN ALI, INC., GRAMERCY
6 WAREHOUSE FUNDING, LLC, SQUARE MILE STRUCTURED DEBT (ONE), LLC,
7 SQUARE MILE STRUCTURED DEBT (TWO), LLC, LBREP/L-SUNCAL MASTER I, LLC,
8 LBREP LAKESIDE SC MASTER I, LLC, SCC VENTURES, LLC, and DOES 7 through 100,
9 inclusive, the following:

10 **I. Jurisdiction and Venue**

11 1. GRAMERCY WAREHOUSE FUNDING, LLC, JOHN D. SCRIPTER *dba*
12 MASON PLUS, and KLASSEN CORPORATION filed an involuntary bankruptcy petition
13 against Debtor under Chapter 11 of the Bankruptcy Code on September 11, 2008.
14 LANDSCAPE DEVELOPMENT, INC., filed a joinder as petitioning creditor on September 29,
15 2008, and SUPERIOR PIPELINES, INC., filed its joinder as petitioning creditor on October 13,
16 2008.

17 2. This adversary proceeding is brought by SUPERIOR PIPELINES, INC.
18 (“Superior”), under Rule 7001 of the Federal Rules of Bankruptcy Procedure (“F.R.B.P.”) and
19 seeks damages for breach of contract, foreclosure on mechanics’ lien, a declaration that
20 Superior’s mechanics’ liens with respect to the real property described below take priority over
21 defendants’ deeds of trust against the real property, a declaration that Superior’s attachment lien
22 obtained in the Superior Court of California takes priority over any security interest in personal
23 property held by defendants, a determination regarding the nature, extent, and validity of liens,
24 and equitable subordination under 11 U.S.C. section 510(c).

25 3. This adversary proceeding is a “core” proceeding under 28 U.S.C. §
26 157(b)(2)(K).

27 4. Jurisdiction in this Court is proper under 28 U.S.C. § 1334.

28 5. Venue in this Court is proper under 28 U.S.C. § 1409(a).

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II. Parties

6. SUPERIOR PIPELINES, INC. ("Superior"), is, and at all times mentioned in this first amended complaint was, a corporation organized and existing under the laws of the State of California, Inc. and engaged in the business of general contracting and supplying labor, services, equipment and material for the construction of underground and other site work improvements. At all times herein mentioned, Superior, whose principal place of business is located in Bakersfield, in the County of Kern, State of California, was and now is duly licensed by the State of California to perform the work described in this first amended complaint.

7. Superior is informed and believes, and thereon alleges, that debtor LBREP/L-SUNCAL McALLISTER RANCH LLC ("Debtor") is now, and at all times mentioned in this first amended complaint was, a Delaware limited liability company, with its principal place of business in Woodland Hills, Los Angeles County, California. Superior is further informed and believes, and thereon alleges, that defendant Debtor is now, and at all times mentioned in this first amended complaint was, the owner of the real property that is the subject matter of the within action ("the Property") and a related entity to LEHMAN COMMERCIAL PAPER, INC., LEHMAN ALI, INC., and other Lehman Brothers entities. On October 28, 2008, ALFRED H. SIEGEL was appointed Chapter 11 Trustee in Debtor's bankruptcy case and the jointly administered cases of LBREP/L-SUNCAL MASTER I, LLC, LBREP/L-SUNCAL MCSWEENEY FARMS, LLC, and LBREP/L-SUNCAL SUMMERWIND RANCH, LLC. Superior is further informed and believes, and thereon alleges, that "LBREP" is an acronym that stands for "Lehman Brothers Real Estate Partners."

8. The Property is located in Bakersfield, Kern County, California and is commonly known as McAllister Ranch. The Property is legally described as set forth in attached Exhibit "A", which Exhibit is incorporated herein by reference, and is identified as APNs 537-010-, -40, -42, -47, -50, -54, -56, -59; 537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 537-020-23 through -32 (erroneously identified in Exhibit "A" as 527-020-23 through -32), and 537-030-01 through -35.

9. Superior is informed and believes, and thereon alleges, that defendant LEHMAN

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1 COMMERCIAL PAPER, INC. ("Lehman Commercial") is now, and at all times mentioned in
2 this first amended complaint was, a corporation organized and existing under the laws of the
3 State of Delaware, and the administrative agent for "several banks and other financial
4 institutions or entities from time to time" and beneficiary under the first deed of trust recorded
5 against the Property. Superior is further informed and believes, and thereon alleges, that
6 Lehman Commercial is a related entity to Debtor and other Lehman Brothers entities.

7 10. Superior is informed and believes, and thereon alleges, that defendant LEHMAN
8 ALI, INC. ("Lehman ALI") is now, and at all times mentioned in this first amended complaint
9 was, a corporation organized and existing under the laws of the State of Delaware, and one of
10 the reputed lenders on the project described in this complaint. Superior is further informed and
11 believes, and thereon alleges, that Lehman ALI is a related entity to Debtor and other Lehman
12 Brothers entities.

13 11. Defendants Lehman Commercial and Lehman ALI, along with other as yet
14 unknown Lehman Brothers entities, are collectively referred to herein as "Lehman."

15 12. Superior is informed and believes, and thereon alleges, that as DOE 1, defendant
16 GRAMERCY WAREHOUSE FUNDING, LLC. ("Gramercy") is now, and at all times
17 mentioned in this first amended complaint was, a limited liability company organized and
18 existing under the laws of the State of Delaware, and the administrative agent and beneficiary
19 under the second deed of trust recorded against the Property.

20 13. Superior is informed and believes, and thereon alleges, that as DOE 2, defendant
21 SQUARE MILE STRUCTURED DEBT (ONE), LLC ("Square Mile One"), is now, and at all
22 times mentioned in this first amended complaint was, a limited liability company organized and
23 existing under the laws of the State of Delaware, and the administrative agent and beneficiary
24 under the second deed of trust recorded against the Property.

25 14. Superior is informed and believes, and thereon alleges, that as DOE 3, defendant
26 SQUARE MILE STRUCTURED DEBT (TWO), LLC ("Square Mile Two"), is now, and at all
27 times mentioned in this first amended complaint was, a limited liability company organized and
28 existing under the laws of the State of Delaware, and the administrative agent and beneficiary

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1 under the third deed of trust recorded against the Property. Square Mile One and Square Mile
2 Two are collectively referred to herein as "Square Mile."

3 15. Superior is informed and believes, and thereon alleges, that defendant
4 MCALLISTER RANCH IRRIGATION DISTRICT ("MRID") is now, and at all times relevant
5 herein, was a local publicly owned electric utility, with its principal place of business in Kern
6 County, California.

7 16. Superior is informed and believes, and thereon alleges, that defendant PACIFIC
8 GAS AND ELECTRIC COMPANY ("PG&E") is now, and at all times relevant herein, was a
9 corporation organized and existing under the laws of the State of California, with its principal
10 place of business in San Francisco, California.

11 17. Defendant PG&E is named solely herein as a nominal defendant for purposes of
12 obtaining preliminary and permanent injunctive relief against Debtor and in relation to assets of
13 Debtor.

14 18. Superior is informed and believes, and thereon alleges, that as Doe 4, defendant
15 LBREP/L-SUNCAL MASTER I, LLC ("SunCal Master"), is now, and at all times mentioned in
16 this first amended complaint was, a limited liability company organized and existing under the
17 laws of the State of Delaware, and that Debtor is a wholly owned subsidiary of SunCal Master.

18 19. Superior is informed and believes, and thereon alleges, that as Doe 5, defendant
19 LBREP LAKESIDE SC MASTER I, LLC ("Lakeside"), is now, and at all times mentioned in
20 this first amended complaint was, a limited liability company organized and existing under the
21 laws of the State of Delaware, and that Lakeside is a majority equity holder of SunCal Master.

22 20. Superior is informed and believes, and thereon alleges, that as Doe 6, defendant
23 SCC VENTURES, LLC ("Ventures"), is now, and at all times mentioned in this first amended
24 complaint was, a limited liability company organized and existing under the laws of the State of
25 Delaware, and that Lakeside is an minority equity holder of SunCal Master.

26 21. LBREP/L-SUNCAL MCALLISTER RANCH, LLC, LBREP/L-SUNCAL
27 MASTER I, LLC, LBREP LAKESIDE SC MASTER I, LLC, and SCC VENTURES, LLC, are
28 collectively referred to herein as "SunCal."

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22. Superior is unaware of the true names, capacities, or basis for liability of defendants DOES 7 through 100, inclusive, and therefore sues said defendants by their fictitious names. Superior will further amend this first amended complaint to allege their true names, capacities or basis for liability when the same has been ascertained. Superior is informed and believes, and thereon alleges, that DOES 7 through 20, inclusive, claim some title to the Property. Superior is further informed and believes, and thereon alleges, that DOES 4 through 75 have or claim some right or interest in the PROPERTY, which right or interest is subordinate or equal to the claim of Superior as alleged herein. Superior is informed and believes, and thereon alleges, that DOES 10 through 20 and 60 through 100 are responsible, in some manner, for the damages sustained by Superior as alleged herein either directly or as alter-egos, co-venturers, agents or otherwise.

III. General Allegations

23. Superior realleges and incorporates by reference each allegation of paragraphs 1 through 22, inclusive, as if all were fully set forth herein.

24. Commencing in or about April of 2006 and continuing thereafter, Superior and Debtor entered into a series of written contracts ("the Agreements"), as well as one oral contract, in which Superior (1) was identified as the "Contractor", and (2) agreed to furnish labor, services, equipment and material for a single work of improvement on the Property ("the Project") for an agreed price in excess of \$18,000,000.00, inclusive of agreed upon change orders, which Debtor agreed to pay. The Property is located in, and the Agreements and oral contract were entered into in, the State of California, County of Kern, in the Eastern District of California judicial district, Fresno Division. The whole of the Property and the entire estate of Debtor in the Property are required for the convenient use and occupation of the work of improvement.

25. Superior is informed and believes, and thereon alleges, that Construction began on the Project in January 2005 by Turman Construction Company. Between March of 2006 and December of 2007, pursuant to the oral agreement and the Agreements, or at the special instance and request of Debtor, or its agents, Superior furnished labor, services, equipment and material

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1 that were used and intended to be used in connection with the Project. The Project was to result
2 in a 2,070-acre master-planned-community development in Bakersfield, California, which
3 included plans for over one thousand homes, a Greg Norman-designed golf course, a lake,
4 clubhouses, and parks, all commonly know as McAllister Ranch and owned by Debtor.

5 26. Construction at McAllister Ranch ceased in or about December 2007. Superior
6 timely recorded mechanic's liens against the Property (discussed more fully below), and in
7 April 2008 filed a complaint in the Superior Court of Kern County, located in Bakersfield,
8 California (the "Superior Court"), against Debtor, Lehman, and others, for breach of contract
9 and to foreclose its mechanic's liens, and for other appropriate relief. Following the filing of the
10 involuntary bankruptcy case against Debtor on September 11, 2008, Superior filed its Notice of
11 Removal of the Superior Court case to this Court on October 1, 2008.

12 **IV. Claims for Relief**

13 **A. First Claim for Relief—Breach of Contract against Debtor only**

14 27. Superior realleges and incorporates by reference each and every allegation of
15 paragraphs 1 through 22 and 24 through 26 as if all were fully set forth in this Claim for Relief.

16 28. Debtor breached the oral contract and the Agreements in that Debtor has failed to
17 pay Superior the full amount due and owing under the oral contract and the Agreements, and
18 there is now due, owing, and unpaid since October 15, 2007, a balance of \$6,385,162.41, plus
19 interest at the legal rate.

20 29. Superior performed all things necessary and required of Superior under the oral
21 contract and the Agreements, except to the extent that Superior was excused from performing by
22 the breaches of Debtor alleged above.

23 30. As a result of said breaches of the oral contract and the Agreements, Superior has
24 been damaged in the sum of \$6,385,162.41, plus interest at the legal rate, and in such additional
25 sums as will be proven at trial.

26 **B. Second Claim for Relief—Foreclosure on Mechanics' Lien against all**
27 **Defendants except PG&E and MRID**

28 31. Superior realleges and incorporates by reference paragraphs 1 through 22, 24

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1 through 26, and 28 through 30 as if all were fully set forth in this Claim for Relief.

2 32. As a "Contractor" within the meaning of Civil Code, Section 3097, Superior was
3 not required to serve a 20-day preliminary notice to the owner of the Property or any lender on
4 the Property.

5 33. On or about February 14, 2008, Superior timely caused mechanics' liens to be
6 recorded against the Property. Thereafter, on or about April 2, 2008, Superior timely caused
7 amended mechanics' liens to be recorded against the Property. True and correct copies of the
8 amended mechanics' liens recorded in the Official Records of Kern County are attached hereto
9 as Exhibit "B" and are incorporated herein by reference. The mechanics' liens and amended
10 mechanics' liens are hereinafter collectively referred to as "the Mechanics' Liens."

11 34. The labor, services, equipment, and material furnished by Superior, for which
12 Debtor has not paid, has a reasonable and current market value of \$6,385,162.41, which Debtor
13 agreed to pay, and which remained unpaid at the time the Mechanics' Liens were recorded and
14 the time this action was filed.

15 35. The oral contract and the Agreements provide for lump sum payments to be paid
16 on the work of improvement on the Property as a whole, and the Agreements do not segregate
17 the amount due for any individual parcels.

18 36. At the time Superior recorded the Mechanics' Liens, the amount stated in the
19 Mechanics' Liens remained owing, and unpaid. The cost of verifying and recording the
20 Mechanics' Liens was \$198.00, no part of which has been paid.

21 37. Superior is informed and believes, and thereon alleges, that on or about January
22 23, 2006, Lehman caused two deeds of trust to be recorded against the Property, wherein
23 Lehman Commercial was identified as the administrative agent and beneficiary, and which
24 secured monetary obligations in the following amounts: \$235,000,000 ("the First Deed of
25 Trust"), and \$85,000,000 ("the Second Deed of Trust"). Superior is further informed and
26 believes, and thereon alleges, that on or about February 9, 2007, defendant Lehman caused a
27 third deed of trust to be recorded against the Property ("the Third Deed of Trust"), which
28 secured a monetary obligation in the amount of \$75,000,000.

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1 38. Superior is informed and believes, and thereon alleges, that on or about April 22,
2 2008, Gramercy caused an assignment of the beneficial interest under the Second Deed of Trust
3 to be recorded against the Property, wherein Gramercy was identified as the assignee of Lehman
4 Commercial's rights as administrative agent and beneficiary under the Second Deed of Trust.

5 39. Superior is informed and believes, and thereon alleges, that on or about April 22,
6 2008, Square Mile caused an assignment of the beneficial interest under the Third Deed of Trust
7 to be recorded against the Property, wherein Square Mile was identified as the assignee of
8 Lehman Commercial's rights as administrative agent and beneficiary under the Third Deed of
9 Trust.

10 40. Superior is informed and believes, and thereon alleges, that work on the Project
11 first commenced in or around July 25, 2008, and prior to the recording of the First Deed of
12 Trust, the Second Deed of Trust, or the Third Deed of Trust, and that Superior's work on the
13 Project relates back to the date upon which work on the Project first commenced, thereby
14 entitling Superior to priority over each of the referenced deeds of trust.

15 41. Superior is further informed and believes, and thereon alleges, that the credit
16 agreement secured by the Second Deed of Trust was obtained for the sole or primary purpose of
17 financing site improvements at the Property, and that Debtor, SunCal, and Lehman failed to
18 satisfy the requirements of Civil Code, Section 3137, in regard to the handling of the proceeds
19 obtained under that credit agreement, thereby providing a separate basis for the Mechanics'
20 Liens obtaining priority over the Second Deed of Trust.

21 42. Superior is further informed and believes, and thereon alleges, that little to no
22 portion of the funds obtained by the credit agreement secured by the First Deed of Trust were
23 used to improve the Property, but rather, were part of a plan and scheme of defendants Debtor,
24 SunCal, and Lehman, and DOES 10 through 20 and 60 through 100, inclusive, to (1) circumvent
25 the protections afforded to mechanics under Section 3137 of the Civil Code, and (2) over
26 leverage the Project, while at the same time knowing that all mechanics on the Project could not
27 and would not be paid. As an example, but without limitation, Superior is informed and
28 believes, and thereon alleges, that of the \$235 million obligation secured by the First Deed of

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1 Trust, \$144 million of the funds were declared a dividend by Lehman and distributed to SunCal
2 Master's equity holders, defendants Lakeside and Ventures, without consideration, and that
3 \$116 million of that dividend was transferred to Lakeside. Based on the foregoing, Superior
4 alleges that the Mechanics' Liens have a separate basis for obtaining priority over the First Deed
5 of Trust.

6 43. Superior is further informed and believes that the Mechanics' Liens have priority
7 over the claims of the named defendants, and DOES 4 through 100, to the extent their work
8 cannot relate back to the date upon which work first commenced on the Project, the claims are
9 defective, or the claims are otherwise junior to the Mechanics' Liens.

10 **C. Third Claim for Relief—Injunctive Relief**

11 44. Superior realleges and incorporates by reference paragraphs 1 through 22, 24
12 through 26, 28 through 30, and 32 through 43 as if all were fully set forth in this Claim for
13 Relief.

14 45. After Superior initiated its case in Superior Court and prior to removal, Superior
15 immediately sought a prejudgment writ of attachment, and Superior has an attachment lien
16 dated April 15, 2008, against all property of Debtor that is subject to attachment under Cal.
17 Code Civ. Proc. Section 488.500 (the "Attachment Lien"). A true and correct copy of the Writ
18 of Attachment is attached as Exhibit "C" and is incorporated here by this reference. Superior
19 attached approximately \$1.2 million of Debtor's funds that are in the hands of MRID. MRID
20 disputes that the funds Superior attached are Debtor's property, and MRID continues to use those
21 funds to operate—so the funds are eroding.

22 46. Prior to removal of this case from the Superior Court, Superior also attached
23 approximately \$835,000 of Debtor's funds that were on deposit with PG&E, which funds are
24 currently being held by the Kern County Sherriff.

25 47. Superior is informed and believes, and thereon alleges, that defendants Lehman,
26 SunCal, MRID, and DOES 4 through 100, inclusive, are in possession, custody, or control of
27 certain assets of Debtor, including, but not limited to, deposits, advances, or other monies held
28 in the name of or for the benefit of Debtor.

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1 48. Superior is further informed and believes, and thereon alleges, that absent the
2 issuance (or continuation) of a preliminary and permanent injunction as requested herein (or
3 previously granted by the Superior Court), the assets of Debtor will or are likely to be
4 diminished, impaired, or otherwise disposed of by defendants.

5 **D. Fourth Claim for Relief—Declaratory Relief against all defendants except**
6 **MRID and PG&E under 11 U.S.C. §§ 362 and 541**

7 49. Superior realleges and incorporates by reference paragraphs 1 through 22, 24
8 through 26, 28 through 30, 32 through 43, and 45 through 48 as if all were fully set forth in this
9 Claim for Relief.

10 50. An actual controversy has arisen and now exists between Superior and
11 defendants regarding their respective interests in the Property.

12 51. Lehman, Gramercy, and Square Mile hold three deeds of trust against the
13 Property in the sum of \$395,000,000. The First Deed of Trust and Second Deed of Trust,
14 securing monetary obligations in the amounts of \$235,000,000 and \$85,000,000 respectively,
15 were recorded against the Property on or about January 23, 2006. The Third Deed of Trust,
16 securing a monetary obligation in the amount of \$75,000,000, was recorded against the Property
17 on or about February 9, 2007.

18 52. Superior is informed and believes, and thereon alleges, that work on the Project
19 first commenced prior to the recording of the First Deed of Trust, the Second Deed of Trust, and
20 the Third Deed of Trust, and that Superior's work on the Project relates back to the date upon
21 which work on the Project first commenced. Accordingly, Superior's Mechanics' Liens take
22 priority over each of the referenced deeds of trust.

23 53. Further, Superior is further informed and believes, and thereon alleges, that the
24 credit agreement secured by the Second Deed of Trust was obtained for the sole or primary
25 purpose of financing site improvements at the Property, and that Debtor and Lehman failed to
26 satisfy the requirements of Civil Code, Section 3137, in regard to the handling of the proceeds
27 obtained under that credit agreement, thereby providing a separate basis for the Mechanics'
28 Liens obtaining priority over the Second Deed of Trust.

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1 54. Moreover, Lehman's, Gramercy's, and Square Mile's interests in the deeds of
2 trust should be wholly subordinated to Superior's Mechanics' Liens. Superior is informed and
3 believes, and thereon alleges, that little to no portion of the funds obtained by the credit
4 agreement secured by the First Deed of Trust were used to improve the Property, but rather,
5 were part of a plan and scheme of Debtor, Lehman, and DOES 10 through 20 and 60 through
6 100, inclusive to (1) circumvent the protections afforded to mechanics under Section 3137 of the
7 Civil Code, and (2) over leverage the Project, while at the same time knowing that all mechanics
8 on the Project would not be paid. As an example, but without limitation, Superior is informed
9 and believes, and thereon alleges, that of the \$235 million obligation secured by the First Deed
10 of Trust, \$144 million of the funds were declared a dividend by Lehman and distributed to
11 SunCal Master's equity holders, defendants Lakeside and Ventures, without consideration, and
12 that \$116 million of that dividend was transferred to Lakeside. Accordingly, Superior's
13 Mechanics' Liens take priority over Lehman's, Gramercy's, and Square Mile's deeds of trust.

14 55. Superior desires a judicial determination of its interests in the Property, and a
15 declaration as to the priority of its duly filed Mechanics' Liens in relation to the interests of
16 Lehman, Gramercy, Square Mile, Debtor, and Does 7 through 100. Superior believes such a
17 declaration is necessary and appropriate at this time under all of the circumstances.

18 **E. Fifth Claim for Relief—Declaratory Relief against MRID and Lehman only**
19 **under 11 U.S.C. §§ 362 and 541**

20 56. Superior realleges and incorporates by reference paragraphs 1 through 22, 24
21 through 26, 28 through 30, 32 through 43, 45 through 48, and 50 through 55 as if all were fully
22 set forth in this Claim for Relief.

23 57. An actual controversy has arisen and now exists between Superior, MRID, and
24 Lehman regarding their respective interests in certain assets of Debtor, including, but not limited
25 to, deposits, advances, or other monies held in the name of or for the benefit of Debtor (the
26 "Funds").

27 58. MRID claims that the Funds are not property of Debtor's bankruptcy estate, but
28 are instead the property of MRID.

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COOPER, ROSENLIEN & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93309

1 59. Lehman claims that it holds a security interest in the Funds by virtue of Lien
2 Guarantee and Collateral Agreements (“Guarantees”) by which Debtor and other SunCal entities
3 guaranteed the debt secured by the Deeds of Trust. Under the Guarantees, Debtor purportedly
4 granted Lehman security interests in substantially all of Debtor’s personal-property assets.
5 Public records reveal that on January 20, 2006, Lehman Commercial filed two Uniform
6 Commercial Code liens—as first and second lien administrative agent—with the Delaware
7 Secretary of State against “all assets” of Debtor. According to the California Secretary of
8 State’s Business Portal, Debtor is a Delaware limited liability company authorized to do
9 business in California. On February 7, 2007, Lehman Commercial filed a third Uniform
10 Commercial Code lien—as third lien administrative agent—with the Delaware Secretary of
11 State against “all assets” of Debtor. Lehman asserts that its security interests were perfected by
12 the filing of these UCC-1 filing statements with the Delaware Secretary of State and that they
13 take priority over Superior’s Attachment Lien in the Funds.

14 60. Superior asserts that the Funds held by MRID are property of Debtor’s
15 bankruptcy estate and subject to Superior’s Attachment Lien. Superior further asserts that its
16 Attachment Lien has priority over the Guarantees and associated UCC-1 filing statements
17 because Lehman’s interests, if any, should be wholly subordinated to Superior’s Attachment
18 Lien. Superior is informed and believes, and thereon alleges, that little to no portion of the
19 funds obtained by the credit agreement, guaranteed by the Guarantees and secured by the UCC-
20 1 filing statements, were used to improve the Property, but rather, were part of a plan and
21 scheme of Debtor, Lehman, and DOES 10 through 20 and 60 through 100, inclusive to over
22 leverage the Project. Accordingly, Superior’s Attachment Lien takes priority over Lehman’s
23 security interests in Debtor’s personal property.

24 61. Superior desires a judicial determination of its interest in the Funds, a declaration
25 as to whether the Funds are property of the Debtor’s bankruptcy estate, and the priority of
26 interests in the Funds. Superior believes such a declaration is necessary and appropriate at this
27 time under all of the circumstances.
28

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**F. Sixth Claim for Relief—Determination of Nature, Extent, and Validity of
Liens Against Lehman, Gramercy, and Square Mile**

62. Superior realleges and incorporates by reference paragraphs 1 through 22, 24 through 26, 28 through 30, 32 through 43, 45 through 48, 50 through 55, and 57 through 61 as if all were fully set forth in this Claim for Relief.

63. Superior prays for an order and judgment determining that the liens represented by Lehman's, Gramercy's, and Square Mile's deeds of trust against the Property are invalid and do not encumber either (a) the Property, or (b) the proceeds from the sale of the Property; or, at a minimum, that Lehman's, Gramercy's, and Square Mile's deeds of trust are subordinate to Superior's Mechanics' Liens.

64. Superior also prays for an order and judgment determining that the lien represented by Lehman's UCC-1 filing statements and security interests in Debtor's personal property are invalid and do not encumber the Funds held by MRID or PG&E, or, at a minimum, that Lehman's security interests in Debtor's personal property are subordinate to Superior's Attachment Lien.

65. A judicial declaration is necessary and appropriate at this time under the circumstances in order that Superior may ascertain its rights and duties with respect to the Property and the Funds.

**G. Seventh Claim for Relief—Equitable Subordination under 11 U.S.C. §
510(c) Against Lehman, Gramercy, and Square Mile**

66. Superior realleges and incorporates by reference paragraphs 1 through 22, 24 through 26, 28 through 30, 32 through 43, 45 through 48, 50 through 55, 57 through 61, and 63 through 65 as if all were fully set forth in this Claim for Relief.

67. For the reasons stated herein, and to the extent that Lehman, Gramercy, Square Mile, or SunCal hold any allowable claim or interest in the Property or the Funds, such interests should be subordinated, for purposes of distribution, to Superior's Mechanics' Liens and Superior's Attachment Lien because of Lehman's, SunCal's, and Debtor's fraudulent and inequitable conduct toward Superior, which is described more fully above.

IV. Prayer for Relief

WHEREFORE, SUPERIOR PIPELINES, INC., demands judgment as follows:

First Claim for Relief:

A. For judgment against Debtor in the sum of \$6,385,162.41 in favor of Superior, together with interest provided by law from October 15, 2007, until paid, plus attorney's fees and costs of suit.

Second Claim for Relief:

B. For judgment that the sum of \$6,385,162.41, together with interest provided by law until paid, the further sum of \$198.00 for verifying and recording the Mechanics' Liens, and costs incurred by Superior in bringing this action, be adjudged and decreed to be a lien on the real property described in this complaint.

C. That the demands of Superior and all persons having claims of lien, or any interest in the real property described in this complaint, be ascertained and adjudged, and that the interests of Debtor, Lehman, Gramercy, and Square Mile, SunCal Master, Lakeside, Ventures, and any persons claiming under them, be sold under the decree of this court to satisfy the amount of the lien ascertained and adjudged in favor of Superior.

(1) That if any deficiency results from the sale of the real property under this court's decree, that Superior has judgment for such deficiency against Debtor.

(2) That the court clerk be directed to docket and enter the personal judgment demanded in paragraph A, above, independently of any deficiency judgment that may be entered after sale of the real property under the court's decree.

Third Claim for Relief:

D. For judgment that Debtor and defendants, and each of them, shall refrain from transferring, selling, encumbering, or disposing of any assets of Debtor including, but not limited to, deposits, advances, or other monies held in the name of or for the benefit of Debtor.

Fourth Claim for Relief:

E. For a declaration that Superior's Mechanics' Liens with respect to the Property take priority over Lehman's, Gramercy's, and Square Mile's deeds of trust against the Property.

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COOPER, ROSENLIEN & KIMBALL, LLP
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BAKERSFIELD, CALIFORNIA 93309

Fifth Claim for Relief:

F. For a declaration that the Funds including, but not limited to, deposits, advances, or other monies held in the name of or for the benefit of Debtor are property of the Debtor's bankruptcy estate and that Lehman Commercial's security interest in personal property is equitably subordinated to Superior's Attachment Lien.

Sixth Claim for Relief:

G. For a determination that Superior's Mechanics' Liens with respect to the Property take priority over Lehman, Gramercy, and Square Mile's deeds of trust against the Property.

H. For a determination that Superior's Attachment Lien with respect to the Funds takes priority over Lehman Commercial's security interests in personal property of the Debtor.

Seventh Claim for Relief:

I. For a determination that Lehman's, Gramercy's, and Square Mile's deeds of trust against the Property are equitably subordinated to Superior's Mechanics' Liens with respect to the Property;

J. For judgment that Lehman Commercial's security interests in the Funds are equitably subordinated to Superior's Attachment Lien in the Funds; and/or

K. For a determination that the liens of Lehman, Lehman Commercial, Gramercy, and Square Mile are property of the bankruptcy estate of Debtor.

All Claims for Relief:

L. For such other and further relief that the court considers just and proper.

Date: November ____, 2008

KLEIN, DeNATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP

By /s/ T. Scott Belden
T. SCOTT BELDEN, Attorneys for Plaintiff,
Superior Pipelines, Inc.

KLEIN, DeNATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93309

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor – Recorder
Kern County Official Records

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Public

DOC#: 0208051365



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023212**, to clarify the property description, as follows:

Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$1,573,664.73 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of storm drain and water system, and misc items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 

Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

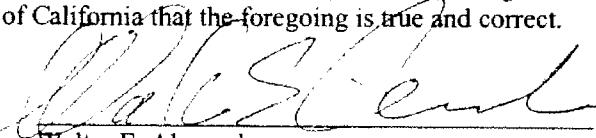

Walter E. Alexander

Exhibit B

Page 18

00474277.008.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit

B

Page

19

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor - Recorder
Kern County Official Records

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DOC#: 0208051366



Stat Types: 1	Pages: 2
Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023213**, to clarify the property description, as follows:

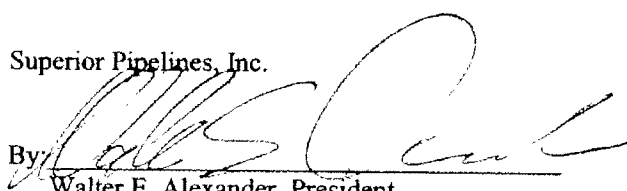
Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$1,918,062.34 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of dry utilities and misc items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

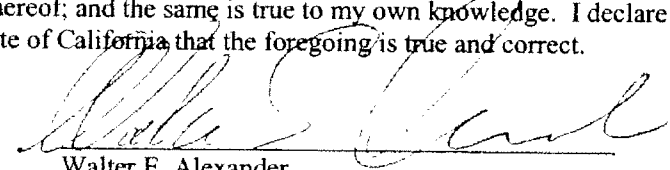

Walter E. Alexander

Exhibit B

Page 20

00474277.000.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

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EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

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537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;
537-030-01 through -35.

Exhibit B

Page 21

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor – Recorder
Kern County Official Records

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4/02/2008
10:28 AM

Recorded at the request of
Public

DOC#: 0208051367



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023214**, to clarify the property description, as follows:

Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$334,650.40 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of sewer, water and storm drain, dry utilities and misc. items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

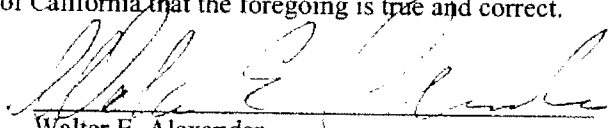

Walter E. Alexander

Exhibit B

Page 22

00474277.001.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

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EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit B

Page 23

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor – Recorder
Kern County Official Records

TELFORDT
4/02/2008
10:26 AM

Recorded at the request of
Public

DOC#: 0208051368



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023215**, to clarify the property description, as follows:

Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$635,366.40 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of sewer, water and storm drain, and misc. items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 

Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

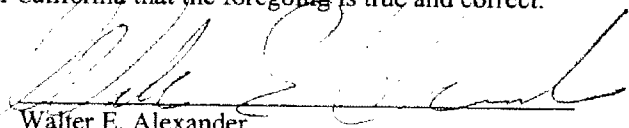

Walter E. Alexander

Exhibit B

Page 24

00474277.002.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit B
Page 25

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor - Recorder
Kern County Official Records

TELFORDT
4/02/2008
10:26 AM

Recorded at the request of
Public

DOC#: 0208051369



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023216**, to clarify the property description, as follows:

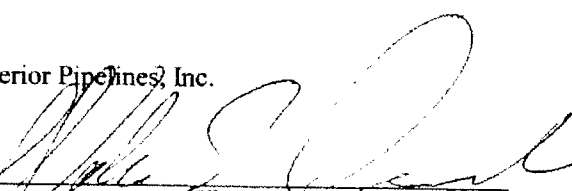
Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$289,668.50 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of sewer, water and storm drain, and misc. items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

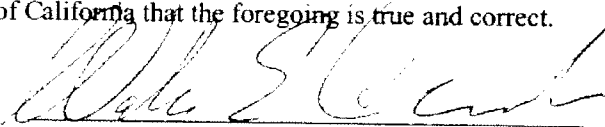

Walter E. Alexander

Exhibit B

Page 26

00474277.003.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit

B

Page

27

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor - Recorder
Kern County Official Records

TELFORDT
4/02/2008
10:26 AM

Recorded at the request of
Public

DOC#: 0208051370



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023217**, to clarify the property description, as follows:

Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$283,563.80 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for the construction of sewer, water and storm drain, and misc. items.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

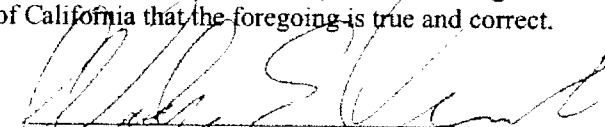

Walter E. Alexander

Exhibit B

Page 28

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit

B

Page

29

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor – Recorder
Kern County Official Records
Recorded at the request of
Public

TELFORDT
4/02/2008
10:26 AM

DOC#: 0208051371



Stat Types: 1 Pages: 2

Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023218**, to clarify the property description, as follows:

Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$148,608.00 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for dust control.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

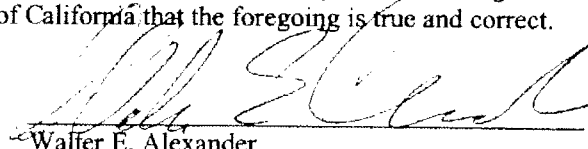

Walter E. Alexander

Exhibit B

Page 30

00474277.005.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit B

Page 31

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor – Recorder
Kern County Official Records
Recorded at the request of
Public

TELFORDT
4/02/2008
10:28 AM

DOC#: 0208051372



Stat Types: 1	Pages: 2
Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023219**, to clarify the property description, as follows:

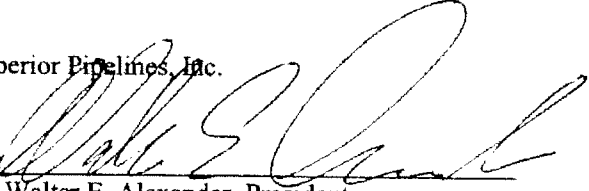
Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$673,703.05 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for 54" RCP to enclose James Canal.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

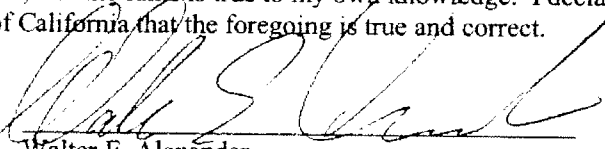

Walter E. Alexander

Exhibit B

Page 32

00474277.006.DOC

EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

EXCEPTING THEREFROM that portion thereof conveyed to the City of Bakersfield, in Deeds recorded December 30, 1976 in Book 4999, Pages 431 and 436 of Official Records.

PARCEL 2: All of Section 21, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

PARCEL 3: All of Section 22, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

PARCEL 5: Lots 1 through 8, inclusive, Lots 10 through 18, inclusive, Lots 20 and 21, and Lots 23 through 32, inclusive, of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit

B

Page

33

RECORDING REQUESTED BY
Superior Pipelines, Inc.

AND WHEN RECORDED MAIL TO:
Barry L. Goldner
Klein, DeNatale, Goldner,
Cooper, Rosenlieb & Kimball, LLP
PO Box 11172
Bakersfield, CA 93389-1172

James W. Fitch, Assessor - Recorder
Kern County Official Records
Recorded at the request of
Public

TELFORDT
4/02/2008
10:26 AM

DOC#: 0208051373



Stat Types: 1	Pages: 2
Fees	11.00
Taxes	0.00
Others	0.00
PAID	\$11.00

AMENDED MECHANIC'S LIEN

The undersigned **Superior Pipelines, Inc.**, Claimant, hereby amends the Mechanic's Lien previously recorded on **February 14, 2008, as Document Number 0208023220**, to clarify the property description, as follows:

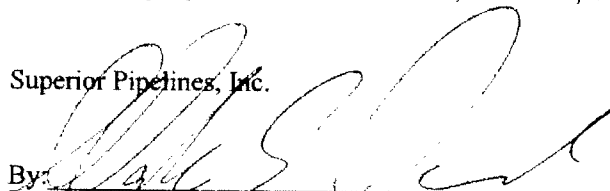
Claimant claims a mechanic's lien upon the real property located in the City of Bakersfield, County of Kern, State of California, commonly referred to as McAllister Ranch, and as more particularly described in Exhibit "A."

The sum of \$841,290.20 together with interest thereon at the rate of 10% percent per annum from October 15, 2007, is due claimant (after deducting all just credits and offsets) for work, materials and labor furnished by Claimant for street lights.

The name of the person or company by whom Claimant was employed, or to whom Claimant furnished the labor, service, equipment and/or materials is LBREP/L-Suncal McAllister Ranch, LLC, a Delaware Limited Liability Company.

The name(s) and address(es) of the owner(s) or reputed owner(s) of the real property is/are: **LBREP/L-SunCal McAllister Ranch, LLC**, a Delaware Limited Liability Company, 21900 Burbank Blvd., Suite 114, Woodland Hills, CA 91367.

Superior Pipelines, Inc.

By: 
Walter E. Alexander, President

VERIFICATION

I, the undersigned, say I am the President of the Claimant of the foregoing mechanic's lien. I have read said claim of mechanic's lien and know the contents thereof; and the same is true to my own knowledge. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: 4/1/08

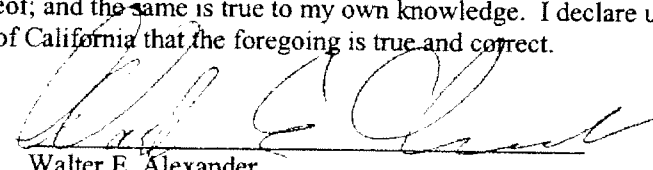

Walter E. Alexander

Exhibit B
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EXHIBIT "A"
McAllister Ranch

PARCEL 1: That portion of Section 16, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, including Lots 20, 30 and 31 thereof, as shown upon the Sales Map of Lands of Kern County Land Company dated May 23, 1892 and recorded May 28, 1892 in the Office of the Kern County Recorder, lying Westerly and Southwesterly of the lands conveyed to Southern Pacific Railroad Company, a corporation, in Deeds recorded October 21, 1893 and July 2, 1894, in Book 47, Page 356 of Deeds and in Book 54, Page 262 of Deeds, respectively.

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EXCEPTING THEREFROM that portion thereof conveyed to the Southern California Gas Company, a California corporation, in Grant Deed recorded July 28, 1980 in Book 5301, Page 1695 of Official Records, described as follows: A three-dimensional parcel of land commencing at a point 1000 feet below the surface of the hereinafter described tracts and extending to a depth of 8,500 feet below the surface of the ground in and under the following described tracts of land, to wit: The SW 1/4 of the SW 1/4; the W 1/2 of the SE 1/4 of the SW 1/4; the SE 1/4 of the SE 1/4 of the SW 1/4.

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PARCEL 4: All of Section 23, Township 30 South, Range 26 East, M.D.M., in the unincorporated area, County of Kern, State of California, according to the Official Plat thereof.

EXCEPTING THEREFROM all of Tract No. 5840, Unit A, in the unincorporated area, County of Kern, State of California, as per Map recorded June 23, 1998 in Book 44, Page 38 of Maps, in the Office of the County Recorder of said County.

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EXCEPTING THEREFROM all interests in Parcels 1 to 5 conveyed to Tenneco Oil Company, a Delaware corporation, in assignment and conveyance thereof recorded November 18, 1988 in Book 6183, Page 1167 of Official Records, which interest can be briefly summarized as all oil, gas and other liquid and gaseous hydrocarbons and in addition thereto carbon dioxide, hydrogen, helium, nitrogen, methane, sulfur (in each case in either liquid or gaseous form) and any other liquid or gaseous substances, inert or otherwise, or any of them, and any minerals or other substances produced in association therewith ("hydrocarbons") in, on or under the premises, together with all rights, privileges, duties and responsibilities in any way related thereto. Grantee acknowledges that this reservation is fully set forth in the conveyance referred to above and that it takes title subject to that conveyance and not subject to this summary which is for convenience only. Said assignment and conveyance was clarified by First Amendment thereof recorded January 17, 1989 in Book 6200, Page 1908 of Official Records.

APNs:

537-010-, -40, -42, -47, -50, -54, -56, -59;

537-020-01 through -08; 537-020-10 through 18; 537-020-20; 537-020-21; 527-020-23 through -32;

537-030-01 through -35.

Exhibit B
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AT-120

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, state bar number, and address): BARRY L. GOLDNER, ESQ.; SBN 107126 CRAIG D. BRAUN, ESQ.; SBN 166519 KLEIN DeNATALE GOLDNER COOPER ROSENLIB & KIMBALL LLP 4550 CALIFORNIA AVENUE, 2ND FLOOR BAKERSFIELD, CA 93309 TELEPHONE NO.: (661) 395-1000 FAX NO.: (661) 326-0418 ATTORNEY FOR (Name): PLAINTIFF, SUPERIOR PIPELINES, INC.		FOR COURT USE ONLY FILED SUPERIOR COURT, METROPOLITAN DIVISION COUNTY OF KERN APR 10 2008 TERRY MCNALL CLERK BY
NAME OF COURT: SUPERIOR COURT OF THE STATE OF CALIFORNIA STREET ADDRESS: 1415 TRUXTUN AVENUE MAILING ADDRESS: CITY AND ZIP CODE: BAKERSFIELD, CA 93301 BRANCH NAME: COUNTY OF KERN - METROPOLITAN DIVISION		
PLAINTIFF: SUPERIOR PIPELINES, INC., a California corporation DEFENDANT: LBREP/L-SUNCAL MCALLISTER RANCH LLC		
<input checked="" type="checkbox"/> RIGHT TO ATTACH ORDER AND ORDER FOR ISSUANCE OF WRIT OF ATTACHMENT AFTER HEARING <input type="checkbox"/> ORDER FOR ISSUANCE OF ADDITIONAL WRIT OF ATTACHMENT AFTER HEARING		CASE NUMBER: S-1500-CV263573 WDP

1. a. The application of plaintiff (name): SUPERIOR PIPELINES, INC., a California corporation
for ☒ a right to attach order and order for issuance of writ of attachment
☐ an order for issuance of additional writ of attachment
against the property of defendant (name): LBREP/L-SUNCAL MCALLISTER RANCH LLC
came on for hearing as follows:

(1) Judge (name):

(2) Hearing date: 4-15-2008 Time: 8:30 a.m. ☒ Dept.: 15 ☐ Div.: ☐ Rm.:

b. The following persons were present at the hearing:

(1) ☐ Plaintiff (name): SUPERIOR PIPELINES, INC., a California corporation (3) ☒ Plaintiff's attorney (name): BARRY L. GOLDNER AND CRAIG D. BRAUN
(2) ☐ Defendant (name): LBREP/L-SUNCAL MCALLISTER RANCH LLC (4) ☐ Defendant's attorney (name):

2. THE COURT FINDS

FINDINGS

- a. Defendant (specify name): LBREP/L-SUNCAL MCALLISTER RANCH LLC is a ☐ natural person ☐ partnership ☒ unincorporated association ☒ corporation ☒ other (specify): **LLC**
- b. The claim upon which the application is based is one upon which an attachment may be issued.
- c. Plaintiff has established the probable validity of the claim upon which the attachment is based.
- d. The attachment is not sought for a purpose other than the recovery on the claim upon which the attachment is based.
- e. The amount to be secured by the attachment is greater than zero.
- f. ☐ Defendant failed to prove that all the property described in plaintiff's application is exempt from attachment.
- g. ☐ The following property of defendant, described in plaintiff's application
(1) ☐ is exempt from attachment (specify):
(2) ☐ is not exempt from attachment (specify):
- h. ☐ The following property, not described in plaintiff's application, claimed by defendant to be exempt
(1) ☐ is exempt from attachment (specify):
(2) ☐ is not exempt from attachment (specify):
- i. ☒ An undertaking in the amount of: \$ 10,000.00 is required before a writ shall issue, and plaintiff ☐ has ☒ has not filed an undertaking in that amount.
- j. A Right to Attach Order was issued on (date): pursuant to
☐ Code of Civil Procedure section 484.090 (on hearing) ☐ Code of Civil Procedure section 485.220 (ex parte)
- k. ☐ Other (specify):

Exhibit C

(Continued on reverse)

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SHORT TITLE: SUPERIOR PIPELINES, INC. v. LBREP/L-SUNCAL
MCALLISTER RANCH LLC et al.

CASE NUMBER:

ORDER

3. THE COURT ORDERS

a. Plaintiff has a right to attach property of defendant (name): LBREP/L-SUNCAL MCALLISTER RANCH LLC

in the amount of: \$ 6,385,162.41

b. ☐ The property described in items 2g(1) and 2h(1) of the findings is exempt and shall not be attached.

c. The clerk shall issue ☒ a writ of attachment ☐ an additional writ of attachment in the amount stated in item 3a
☐ forthwith ☒ upon the filing of an undertaking in the amount of: \$ 10,000.00

(1) ☒ for any property of a defendant who is not a natural person for which a method of levy is provided.

(2) ☐ for the property of a defendant who is a natural person that is subject to attachment under Code of Civil
Procedure section 487.010, described as follows (specify):

(3) ☐ for the property covered by a bulk sales notice with respect to a bulk transfer by defendant or the proceeds of sale
of such property, described as follows (specify):

(4) ☐ for plaintiff's pro rata share of proceeds from an escrow in which defendant's liquor license is sold. The license
number is (specify):

d. ☒ Defendant shall transfer to the levying officer possession of

(1) ☒ any documentary evidence in defendant's possession of title to any property described in item 3c;

(2) ☐ any documentary evidence in defendant's possession of debt owed to defendant described in item 3c;

(3) ☐ the following property in defendant's possession (specify):

NOTICE TO DEFENDANT: FAILURE TO COMPLY WITH THIS ORDER MAY SUBJECT YOU TO
ARREST AND PUNISHMENT FOR CONTEMPT OF COURT.

e. ☐ Other (specify):

f. Total number of boxes checked in item 3: 5

Date: APRIL 15, 2008

Exhibit C

Page 37

(TYPE OR PRINT NAME)

(SIGNATURE OF JUDGE OR COMMISSIONER)

EXHIBIT B

EXHIBIT B

<p>Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number</p> <p>David R. Zaro (CA 124334) Email: dzaro@allenmatkins.com Allen Matkins Leck Gamble Mallory & Natsis LLP 515 South Figueroa Street, 9th Floor Los Angeles, California, 90071 Tel: (213) 622-5555 Fax: (213)-620-8816</p> <p>George A. Davis (NY 2761) Email: george.davis@cwt.com Andrew M. Troop (NY 04556320) Email: andrew.troop@cwt.com Cadwalader, Wickersham & Taft LLP One World Financial Center, New York, NY 10281 Tel: 212-504-6000 Fax: 212-504-6666</p> <p><input type="checkbox"/> Individual appearing without counsel <input checked="" type="checkbox"/> Attorney for: Lehman Commercial Paper Inc., As First Lien Administrative Agent</p>	<p>FOR COURT USE ONLY</p>
<p>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</p>	
<p>In re:</p> <p>LBREP/L-SunCal McAllister Ranch LLC</p> <p>Debtor(s)</p>	<p>CHAPTER: 11 CASE NO. 8:08-15637 (ES)</p> <p>DATE: October 28, 2008 TIME: 9:30 a.m. CTRM: 5A FLOOR:</p>

**NOTICE OF MOTION AND MOTION FOR RELIEF FROM THE AUTOMATIC STAY
UNDER 11 U.S.C. § 362 (with supporting declarations)
(MOVANT: Lehman Commercial Paper Inc., As First Lien Administrative Agent)
(REAL PROPERTY)**

1. NOTICE IS HEREBY GIVEN to the Debtor(s) and Trustee (if any) ("Responding Parties"), their attorneys (if any), and other interested parties that on the above date and time and in the indicated courtroom, Movant in the above-captioned matter will move this Court for an Order granting relief from the automatic stay as to Debtor(s) and Debtor's(s') bankruptcy estate on the grounds set forth in the attached Motion.
2. Hearing Location: ☐ 255 East Temple Street, Los Angeles ☒ 411 West Fourth Street, Santa Ana
☐ 21041 Burbank Boulevard, Woodland Hills ☐ 1415 State Street, Santa Barbara
☐ 3420 Twelfth Street, Riverside
3. a. ☒ This Motion is being heard on REGULAR NOTICE pursuant to Local Bankruptcy Rule 9013-1. If you wish to oppose this Motion, you must file a written response to this Motion with the Bankruptcy Court and serve a copy of it upon the Movant's attorney (or upon Movant, if the Motion was filed by an unrepresented individual) at the address set forth above no less than 14 days before the above hearing and appear at the hearing of this Motion.
- b. ☐ This Motion is being heard on SHORTENED NOTICE. If you wish to oppose this Motion, you must appear at the hearing. Any written response or evidence may be filed and served:
☐ at the hearing ☐ at least _____ court days before the hearing.
- (1) ☐ A Motion for Order Shortening Time was not required (according to the calendaring procedures of the assigned judge).
- (2) ☐ A Motion for Order Shortening Time was filed per Local Bankruptcy Rule 9075-1(b) and was granted by the Court and such motion and order have been or are being served upon the debtor and trustee, if any.
- (3) ☐ A Motion for Order Shortening Time has been filed and remains pending. Once the Court has ruled on that Motion, you will be served with another notice or an order that will specify the date, time and place of the hearing on the attached Motion and the deadline for filing and serving a written opposition to the Motion.

This form is mandatory by Order of the United States Bankruptcy Court for the Central District of California

Motion for Relief from Stay (Real Property) – Page 2 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L–SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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4. You may contact the Bankruptcy Clerk's Office to obtain a copy of an approved court form for use in preparing your response (*Optional Court Form F 4001-1M.RES*), or you may prepare your response using the format required by Local Bankruptcy Rule 1002-1.
5. If you fail to file a written response to the Motion or fail to appear at the hearing, the Court may treat such failure as a waiver of your right to oppose the Motion and may grant the requested relief.

Dated: October 2, 2008

David R. Zaro (CA 124334)
Allen Matkins Leck Gamble Mallory & Natsis LLP

-and-

George A. Davis (NY 2761)
Andrew M. Troop (NY 04556320)
Cadwalader, Wickersham & Taft LLP

Print Law Firm Name (if applicable)

David R. Zaro, Esq.
Print Name of Individual Movant or Attorney for Movant

Signature of Individual Movant or Attorney for Movant

Motion for Relief from Stay (Real Property) – Page 3 of 10

F 4001-1M.RP

In re (SHORT TITLE)
LBREP/L–SunCal McAllister Ranch LLC

Debtor(s).

CHAPTER: 11

CASE NO.: 08-15637-ES

MOTION FOR RELIEF FROM THE AUTOMATIC STAY
(MOVANT: Lehman Commercial Paper Inc., As First Lien Administrative Agent)

1. **The Property at Issue:** Movant moves for relief from the automatic stay with respect to following real property (the "Property"):

Street Address: Please see attached continuation page – Rider 1

Apartment/Suite No.:

City, State, Zip Code:

Legal description or document recording number (including county of recording):

☒ See attached continuation page. Please see Rider 1.

2. **Case History:**

- a. ☐ A voluntary ☒ An involuntary petition under Chapter ☐ 7 ☒ 11 ☐ 12 ☐ 13
was filed on (specify date): September 10, 2008 and September 11, 2008
- b. ☐ An Order of Conversion to Chapter ☐ 7 ☐ 11 ☐ 12 ☐ 13
was entered on (specify date):
- c. ☐ Plan was confirmed on (specify date):
- d. ☐ Other bankruptcy cases affecting this Property have been pending within the past two years. See attached Declaration.

3. **Grounds for Relief from Stay:**

- a. ☒ Pursuant to 11 U.S.C. § 362(d)(1), cause exists to grant Movant the requested relief from stay as follows:
- (1) ☒ Movant's interest in the Property is not adequately protected.
- (a) ☒ Movant's interest in the collateral is not protected by an adequate equity cushion.
- (b) ☒ The fair market value of the Property is declining and payments are not being made to Movant sufficient to protect Movant's interest against that decline.
- (c) ☐ No proof of insurance re Movant's collateral has been provided to Movant, despite borrower(s)'s obligation to insure the collateral under the terms of Movant's contract with Debtor(s).
- (d) ☐ Payments have not been made as required by an Adequate Protection Order previously granted in this case.
- (2) ☒ The bankruptcy case was filed in bad faith to delay, hinder or defraud Movant.
- (a) ☐ Movant is the only creditor or one of very few creditors listed on the master mailing matrix.
- (b) ☐ Non-individual entity was created just prior to bankruptcy filing for the sole purpose of filing bankruptcy.
- (c) ☐ The Debtor(s) filed what is commonly referred to as a "face sheet" filing of only a few pages consisting of the Petition and a few other documents. No other Schedules or Statement of Affairs (or Chapter 13 Plan, if appropriate) have been filed.
- (d) ☒ Other (See attached Memorandum of Points and Authorities).

(Continued on next page)

Motion for Relief from Stay (Real Property) – Page 4 of 10

F 4001-1M.RP

In re (SHORT TITLE)
LBREP/L–SunCal McAllister Ranch LLC

Debtor(s).

CHAPTER: 11

CASE NO.: 08-15637-ES

- (3) ☐ (Chapter 12 or 13 cases only)
- (a) ☐ Postconfirmation plan payments have not been made to the Standing Trustee.
- (b) ☐ Postconfirmation payments required by the confirmed plan have not been made to Movant.
- (4) ☐ For other cause for relief from stay, see attached continuation page.
- b. ☒ Pursuant to 11 U.S.C. § 362(d)(2)(A), Debtor(s) has/have no equity in the Property; and pursuant to § 362(d)(2)(B), the Property is not necessary for an effective reorganization.
- c. ☐ Pursuant to 11 U.S.C. § 362(d)(3), Debtor(s) has/have failed within the later of 90 days after the petition or 30 days after the court determined that the Property qualifies as single asset real estate to file a reasonable plan of reorganization or to commence monthly payments.
- d. ☐ Pursuant to 11 U.S.C. § 362(d)(4), Debtor's(s) filing of the petition was part of a scheme to delay, hinder, and defraud creditors that involved:
- (1) ☐ The transfer of all or part ownership of, or other interest in, the Property without the consent of Movant or court approval; or
- (2) ☐ Multiple bankruptcy filings affecting the Property.
4. ☐ Movant also seeks annulment of the stay so that the filing of the bankruptcy petition does not affect postpetition acts, as specified in the attached Declaration(s).
5. **Evidence in Support of Motion: (Important Note: Declaration(s) in support of the Motion MUST be attached hereto.)**
- a. ☒ Movant submits the attached Declaration(s) on the Court's approved forms (if applicable) to provide evidence in support of this Motion pursuant to Local Bankruptcy Rules.
- b. ☐ Other Declaration(s) are also attached in support of this Motion.
- c. ☐ Movant requests that the Court consider as admissions the statements made by Debtor(s) under penalty of perjury concerning Movant's claims and the Property set forth in Debtor(s)'s Schedules. Authenticated copies of the relevant portions of the Schedules are attached as Exhibit ____.
- d. ☒ Other evidence (specify): Please see attached Memorandum of Points and Authorities.
6. ☒ An optional Memorandum of Points and Authorities is attached to this Motion.
- WHEREFORE, Movant prays that this court issue an order terminating or modifying the stay and granting the following (specify forms of relief requested):**
1. ☒ Relief from the stay allowing Movant (and any successors or assigns) to proceed under applicable non-bankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Property.
2. ☐ Annulment of the stay so that the filing of the bankruptcy petition does not affect postpetition acts, as specified in the attached Declaration(s).
3. ☒ Additional provisions requested:
- a. ☐ That the Order be binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of Title 11 of the United States Code.
- b. ☒ That the 10-day stay described by Bankruptcy Rule 4001(a)(3) be waived.
- c. ☐ That Extraordinary Relief be granted as set forth in the Attachment (attach Optional Court Form F 4001-1M.ER).

Motion for Relief from Stay (Real Property) – Page 5 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L–SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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- d. ☐ For other relief requested, see attached continuation page.
4. ☒ If relief from stay is not granted, Movant respectfully requests the Court to order adequate protection.

Dated: October 2, 2008

Respectfully submitted,

Lehman Commercial Paper Inc., As First Lien Administrative
Agent

Movant Name

Allen Matkins Leck Gamble Mallory & Natsis LLP
David R. Zaro (CA 124334)

-and-

George A. Davis (NY 2761)
Andrew M. Troop (NY 04556320)
Cadwalader, Wickersham & Taft LLP

Firm Name of Attorney for Movant (if applicable)

By:

Signature

Name:

David R. Zaro, Esq.

Print Name of Individual Movant or Attorney for Movant

Motion for Relief from Stay (Real Property) – Page 6 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L–SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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REAL PROPERTY DECLARATION

(MOVANT: Lehman Commercial Paper Inc., As First Lien Administrative Agent)

I, Craig Malloy, Authorized Signatory for Lehman Commercial Paper Inc., As First Lien Administrative Agent, declare as follows:
(Print Name of Declarant)

1. I have personal knowledge of the matters set forth in this declaration and, if called upon to testify, I could and would competently testify thereto. I am over 18 years of age. I have knowledge regarding Movant's interest in the real property that is the subject of this Motion ("Property") because (specify):
 - ☐ I am the Movant and owner of the Property.
 - ☐ I manage the Property as the authorized agent for the Movant.
 - ☒ I am employed by Movant as (state title and capacity): Authorized Signatory
 - ☐ Other (specify):
2. I am one of the custodians of the books, records and files of Movant that pertain to loans and extensions of credit given to Debtor(s) concerning the Property. I have personally worked on books, records and files, and as to the following facts, I know them to be true of my own knowledge or I have gained knowledge of them from the business records of Movant on behalf of Movant, which were made at or about the time of the events recorded, and which are maintained in the ordinary course of Movant's business at or near the time of the acts, conditions or events to which they relate. Any such document was prepared in the ordinary course of business of Movant by a person who had personal knowledge of the event being recorded and had or has a business duty to record accurately such event. The business records are available for inspection and copies can be submitted to the Court if required.
3. a. The address of the Property that is the subject of this Motion is:

Street Address: Please see Rider 1
Apartment/Suite No.:
City, State, Zip Code:

b. The legal description or document recording number (including county of recording) set forth in Movant's Deed of Trust is attached as Exhibit Rider 1.

☒ See attached page.
4. Type of property (check all applicable boxes):
 - a. ☐ Debtor's(s') principal residence
 - b. ☐ Other single family residence
 - c. ☐ Multi-unit residential
 - d. ☐ Commercial
 - e. ☐ Industrial
 - f. ☒ Vacant land – Please see Rider 2
 - g. ☐ Other (specify):

(Continued on next page)

Motion for Relief from Stay (Real Property) – Page 7 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L-SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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5. Nature of Debtor's(s') interest in the Property:

- a. ☒ Sole owner
- b. ☐ Co-owner(s) (specify):
- c. ☐ Lien holder (specify):
- d. ☐ Other (specify):
- e. ☐ Debtor(s) ☐ did ☐ did not list the Property in the Schedules filed in this case.
- f. ☐ Debtor(s) acquired the interest in the Property by ☐ grant deed ☐ quitclaim deed ☐ trust deed

The deed was recorded on:

6. Amount of Movant's claim with respect to the Property:

	PREPETITION	POSTPETITION	TOTAL
a. Principal:	\$ 229,337,867.91	\$	\$ 229,337,867.91
b. Accrued Interest:	\$ 13,973,064.36	\$ 1,267,759.10	\$ 15,240,823.46
c. Late Charges	\$	\$	\$
d. Costs (Attorney's Fees, Other Costs):	\$ 415,595.00	\$	\$ 415,595.00
f. Advances (Property Taxes, Insurance):	\$	\$	\$
g. TOTAL CLAIM as of October 1, 2008:	\$ 243,726,527.27	\$ 1,267,759.10	\$ 244,994,286.37
h. <input checked="" type="checkbox"/> Loan is all due and payable because it matured on (specify date): 4/14/08			

7. Movant holds a ☒ deed of trust ☐ judgment lien ☐ other (specify)
that encumbers the Property.

- a. A true and correct copy of the document as recorded is attached as Exhibit A.
- b. A true and correct copy of the promissory note or other document that evidences the Movant's claim is attached as Exhibit B.
- c. ☒ A true and correct copy of the assignment(s) transferring the beneficial interest under the note and deed of trust to Movant is attached as Exhibit C.

8. Status of Movant's claim relating to the Property (fill in all applicable information requested below):

- a. Current interest rate: 9.25%
- b. Contractual maturity date: 1/19/10
- c. Amount of current monthly payment: \$ N/A
- d. Number of PREPETITION payments that have come due and were not made: 2. Total amount: \$ 2,586,093.48
- e. Number of POSTPETITION payments that have come due and were not made: N/A. Total amount: \$ N/A
- f. Date of POSTPETITION default: N/A
- g. Last payment received on the following date:
- h. Notice of default recorded on the following date: 4/22/08
- i. Notice of sale recorded on the following date: 7/30/08
- j. Foreclosure sale originally scheduled for the following date: 8/22/08
- k. Foreclosure sale currently scheduled for the following date: A day following the entry of an order approving this Motion
- l. Foreclosure sale already held on the following date: N/A
- m. Trustee's deed on sale already recorded on the following date: N/A
- n. Future payments due by time of anticipated hearing date (if applicable): Loan accelerated, entire amount due 4/14/08. An additional payment of \$ N/A will come due on N/A, and on the N/A day of each month thereafter. If the payment is not received by the N/A day of the month, a late charge of \$ N/A will be charged to the loan.

9. Attached hereto as Exhibit D is a true and correct copy of a POSTPETITION statement of account that accurately reflects the dates and amounts of all charges assessed to and payments made by the Debtor(s) since the petition date.

Motion for Relief from Stay (Real Property) – Page 8 of 10

F 4001-1M.RP

In re (SHORT TITLE)
LBREP/L–SunCal McAllister Ranch LLC

Debtor(s).

CHAPTER: 11

CASE NO.: 08-15637-ES

10. ☒ (Chapter 7 and 11 cases only): The fair market value of the entire Property is \$ 180,700,000.00, established by:
- ☒ Appraiser's declaration with appraisal attached herewith as Exhibit E.
 - ☐ A real estate broker or other expert's declaration regarding value attached as Exhibit _____.
 - ☐ A true and correct copy of relevant portion(s) of Debtor's(s') Schedules attached as Exhibit _____.
 - ☐ Other (specify): _____

11. ☒ The fair market value of the Property is declining based on/due to: Current economic conditions impacting real estate in the United States and lack of funds to perform basic maintenance and preservation of the property.

12. ☒ Calculation of equity in Property:

- a. Based upon ☒ preliminary title report ☐ Debtor's(s') admissions in the schedules filed in this case, the Property is subject to the following deed(s) of trust or lien(s) in the amounts specified securing the debt against the Property:

	Name of Holder	Amount as Scheduled by Debtor(s) (if any)	Amount Known to Declarant and Source
1st Deed of Trust:	First Lienholders		\$235,000,000.00
2nd Deed of Trust:	Second Lienholders		\$85,000,000.00
3rd Deed of Trust:	Third Lienholders		\$75,000,000.00
Judgment Liens:			
Taxes:	As of 4/23/2008 real property tax		\$13,704.03
Other:	as of 4/23/2008 mechanics liens		\$46,531,555.10
TOTAL DEBT: \$ 441,545,259.13			

- b. Evidence establishing the existence of the above deed(s) of trust and lien(s) is attached as Exhibit F, and consists of:
- ☒ Preliminary title report
- ☐ Relevant portions of Debtor's(s') Schedules as filed in this case
- ☐ Other (specify): _____
- c. Subtracting the deed(s) of trust and other lien(s) set forth above from the value of the Property as set forth in Paragraph 10 above, the Debtor's(s') equity in the Property is \$ -260,845,259.13 (§ 362(d)(2)(A)).
- d. The value of the "equity cushion" in the Property exceeding Movant's debt and any lien(s) senior to Movant is \$ N/A (§ 362(d)(1)).
- e. Estimated costs of sale: \$ 8,131,500.00 (Estimate based upon 4.5 % of estimated gross sales price)

13. ☐ (Chapter 12 and 13 cases only) Chapter 12 or 13 case status information:

- a. 341(a) Meeting currently scheduled for (or concluded on) the following date:
Confirmation hearing currently scheduled for (or concluded on) the following date:
Plan confirmed on the following date (if applicable):

- b. Postpetition/preconfirmation payments due BUT REMAINING UNPAID since the filing of the case:

(Number of) _____	payment(s) due at \$ _____	each = \$ _____
(Number of) _____	payment(s) due at \$ _____	each = \$ _____
(Number of) _____	late charge(s) at \$ _____	each = \$ _____
(Number of) _____	late charge(s) at \$ _____	each = \$ _____

(Continued on next page)

Motion for Relief from Stay (Real Property) – Page 9 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L–SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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- c. Postpetition/preconfirmation advances or other charges due but unpaid: \$ _____
(See attachment for details of type and amount.)

TOTAL POSTPETITION/PRECONFIRMATION DELINQUENCY: \$ _____

- d. Postconfirmation payments due BUT REMAINING UNPAID since plan confirmation (if applicable):

(Number of) _____	payment(s) due at \$ _____	each = \$ _____
(Number of) _____	payment(s) due at \$ _____	each = \$ _____
(Number of) _____	late charge(s) at \$ _____	each = \$ _____
(Number of) _____	late charge(s) at \$ _____	each = \$ _____

- e. Postconfirmation advances or other charges due but unpaid: \$ _____
(See attachment for details of type and amount.)

TOTAL POSTCONFIRMATION DELINQUENCY: \$ _____

- f. ☐ The claim is provided for in the Chapter 12 or 13 Plan. Plan payment history is attached as Exhibit _____.
- g. ☐ See attached Declaration(s) of Chapter 12 or 13 Trustee regarding receipt of payments under the plan (attach Court Form F 4001-1M.13).
14. ☐ Movant has not been provided with evidence that the Property is currently insured, as required under the terms of the loan.
15. ☐ The court determined that the Property qualifies as single asset real estate on _____. More than 90 days have passed since the filing of the petition, more than 30 days have passed since the court determined that the Property qualifies as single asset real estate, the Debtor(s) has/have not filed a plan of reorganization that has a reasonable possibility of being confirmed within a reasonable time or the Debtor(s) has/have not commenced monthly payments to Movant as required by 11 U.S.C. § 362(d)(3).
16. ☒ See attached continuation page for facts establishing that the bankruptcy case was filed in bad faith to delay, hinder or defraud Movant.
17. ☐ The filing of the petition was part of a scheme to delay, hinder and defraud creditors that involved:
- a. ☐ The transfer of all or part ownership of, or other interest in, the Property without the consent of Movant or court approval. See attached continuation page for facts establishing the scheme.
- b. ☐ Multiple bankruptcy filings affecting the Property. The multiple bankruptcy filings include the following cases:
1. Case Name: _____
Case Number: _____ Chapter: _____
Date Filed: _____ Date Dismissed: _____ Date Discharged: _____
Relief from stay re this property ☐ was ☐ was not granted.
2. Case Name: _____
Case Number: _____ Chapter: _____
Date Filed: _____ Date Dismissed: _____ Date Discharged: _____
Relief from stay re this property ☐ was ☐ was not granted.
3. ☐ See attached continuation page for more information about other bankruptcy cases affecting the Property.
- ☐ See attached continuation page for facts establishing that the multiple bankruptcy cases were part of a scheme to delay, hinder, and defraud creditors.

Motion for Relief from Stay (Real Property) - Page 10 of 10

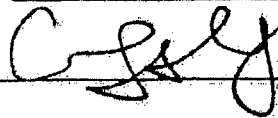
F 4001-1M.RP

In re: (SHORT TITLE) LBREP/L-SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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18. ☐ Movant seeks annulment of the automatic stay so that the filing of the bankruptcy petition does not affect any and all of the enforcement actions set forth in paragraph 8 above that were taken after the filing of the bankruptcy petition in this case.
- a. ☐ These actions were taken by Movant without knowledge of the bankruptcy filing, and Movant would have been entitled to relief from stay to proceed with these actions.
- b. ☐ Although Movant knew about the bankruptcy filing, Movant had previously obtained relief from stay to proceed with these enforcement actions in prior bankruptcy cases affecting this Property as set forth in paragraph 17(b) above.
- c. ☐ For other facts justifying annulment, see attached continuation page.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this Declaration was executed on, October 2, 2008 at New York, NY (city, state).

Craig Malloy,
Authorized Signatory for Lehman Commercial Paper Inc.,
As First Lien Administrative Agent
Print Declarant's Name


Signature of Declarant

Motion for Relief from Stay (Real Property) -- Page 11 of 10

F 4001-1M.RP

In re (SHORT TITLE) LBREP/L-SunCal McAllister Ranch LLC Debtor(s).	CHAPTER: 11 CASE NO.: 08-15637-ES
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PROOF OF SERVICE

STATE OF CALIFORNIA
COUNTY OF _____

1. I am over the age of 18 and not a party to the within action. My business address is as follows:

2. **Regular Mail Service:** On _____, pursuant to Local Bankruptcy Rule 9013-1, I served the documents described as: NOTICE OF MOTION and MOTION FOR RELIEF FROM THE AUTOMATIC STAY UNDER 11 U.S.C. § 362 (with supporting declarations) on the interested parties at their last known address in this action by placing a true and correct copy thereof in a sealed envelope with postage thereon fully prepaid in the United States Mail at _____, California, addressed as set forth on the attached list.

NOTE: If the Notice and Motion have been served pursuant to an Order Shortening Time ("Order"), you must file a Proof of Service that indicates that the notice and service requirements contained in the Order have been met.

3. **See attached list for names and addresses of all parties and counsel that have been served.** (In the manner set forth in Local Bankruptcy Rule 7004-1(b), specify capacity in which service is made; e.g., Debtor(s), Debtor's(s) Attorney, Trustee, Trustee's Attorney, Creditors Committee, or 20 largest unsecured creditors, etc.)

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated:

Typed Name

Signature

EXHIBIT C

EXHIBIT C

1 CRAIG M. RANKIN (SBN 169844)
2 DANIEL H. REISS (SBN 150573)
3 KRIKOR J. MESHEFEJIAN (SBN 255030)
4 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.
5 10250 Constellation Blvd., Suite 1700
6 Los Angeles, California 90067
7 Telephone: (310) 229-1234
8 Facsimile: (310) 229-1244

9 Attorneys for Chapter 11 Petitioning Creditors (as defined on pg. 2)

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re:

LBREP/L-SunCal McAllister Ranch,
LLC,

Debtor and Debtor in Possession,

) Case No. 8:08-bk-15637-ES

) Chapter 11

) **OPPOSITION TO MOTION FOR**
) **RELIEF FROM THE AUTOMATIC**
) **STAY UNDER 11 U.S.C. 362 FILED BY**
) **LEHMAN COMMERCIAL PAPER INC.,**
) **AS FIRST LIEN ADMINISTRATIVE**
) **AGENT; DECLARATION OF DANIEL**
) **H. REISS**

) Date: October 28, 2008

) Time: 9:30 a.m.

) Place: Courtroom 5A

) 411 West Fourth Street
) Santa Ana, CA 92701

1 **1. The Relationship between the Debtors and LCPI.**

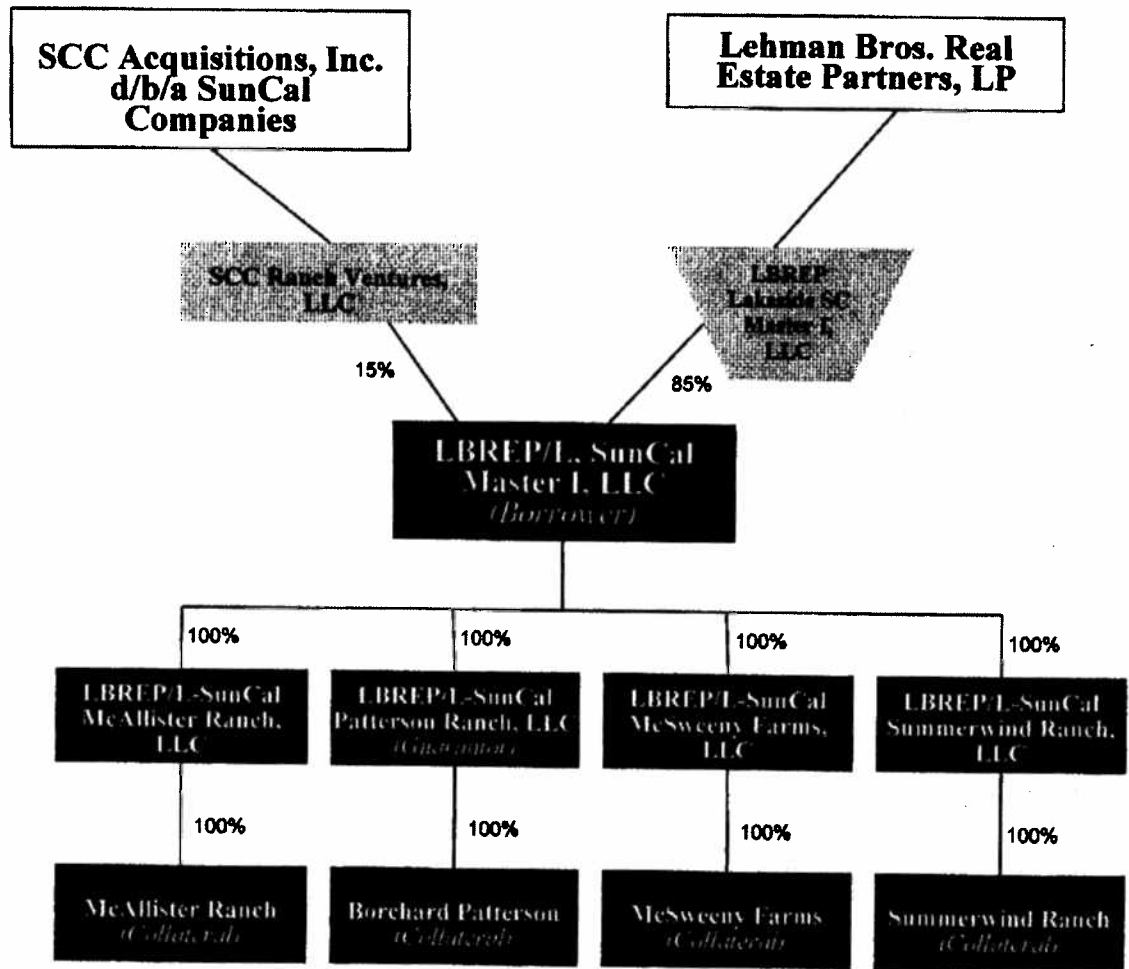
2 A close relationship exists between LCPI as agent for the First Lien Lenders and the
3 Debtors. The names of all of the LLCs contain "LBREP". This is an acronym for Lehman
4 Brothers Real Estate Partners, LP ("LB Real Estate"), the 85% indirect owner of LBREP
5 Holding. The relationships and ownership structures of these entities and the Developments
6 are, on information and belief, as follows:¹⁶

7
8 [See next page]

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27 ¹⁵ A true copy of the Fraudulent Conveyance Complaint is annexed as Exhibit "C" to the
concurrently filed Request for Judicial Notice.

28 ¹⁶ See the Fraudulent Conveyance Complaint, at pg. 5, ¶18.

Table 1:



As shown by the foregoing, SunCal Companies only owns 15% of LBREP Holding (and through LBREP Holding, the Debtor). Consequently, there is no question that Lehman Brothers entities are firmly in control of the Debtor.

Lehman Brothers entities historically have been and are also in control of a substantial amount of the Debtor's secured debt. As set forth in the Relief from Stay Memorandum,¹⁷ LBI was a party to the First Lien Credit Agreement as the "arranger"; LCPI is the first lien administrative agent for the First Lien Lenders; and LCPI was, through February 14, 2008,

¹⁷ As previously defined in footnote 4; see also, footnote 14.

1 administrative agent under the Second and Third Lien Credit Agreements.¹⁸ Consequently,
2 LCPI is now seeking relief from stay to foreclose against any entity that is owned and
3 controlled by Lehman Brothers entities.

4 LCPI recently released \$102,000 from the Development Account to fund bankruptcy
5 counsel for these involuntary bankruptcy cases.¹⁹ The Relief from Stay Motion was filed after
6 payment of the retainer. According to LCPI, after retaining counsel from monies advanced by
7 LCPI, the Debtors informed LCPI that they will not oppose the Relief from Stay Motions.²⁰
8 Counsel for the Petitioning Creditors has requested that the Debtors take action to oppose the
9 Relief from Stay Motion.²¹ The Debtors have not yet informed the Petitioning Creditors of
10 their intention in this regard. It is hard to understand the purpose of paying retainers if the
11 Debtors intend to simply allow the First Lien Lenders to take all of the Debtors' assets
12 through foreclosure.
13

14
15 **2. Creditor interests need to be protected.**

16 There are substantial creditor interests to protect outside of LCPI and other Lehman
17 Brothers entities' interests. Due to the large scale of the Developments, hundreds of
18 construction and trade creditors provided goods and services with respect to the
19 Developments in good faith with the expectation of being paid for those goods and services.²²
20 There is also over \$150 million of debt owed to the Second and Third Lien Lenders.
21
22

23 ¹⁸ See the Relief from Stay Memorandum, pg. 4, n. 5.

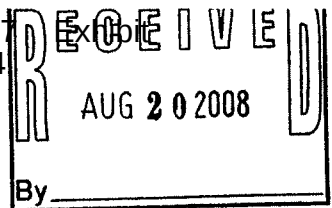
24 ¹⁹ See letter dated September 30, 2008 from LCPI to Gramercy, annexed hereto as Exhibit
"A".

25 ²⁰ See the Relief from Stay Memorandum, pg. 3, n. 4.

26 ²¹ See letter from Daniel Reiss to Scott Clarkson and Paul Couchot dated October 7, 2008,
27 annexed hereto as Exhibit "B". Mr. Clarkson informed Mr. Reiss that he will be
28 representing all four Debtors, and that Mr. Couchot has not been retained as counsel to any
of the Debtors. See letter from Scott Clarkson to Daniel Reiss dated October 8, 2008,
annexed hereto as Exhibit "C".

EXHIBIT D

EXHIBIT D



1 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
2 DAVID R. ZARO (BAR NO. 124334)
ROBERT R. BARNES (BAR NO. 144881)
3 FRANCIS N. SCOLLAN (BAR NO. 186262)
515 South Figueroa Street, Ninth Floor
4 Los Angeles, California 90071-3309
Phone: (213) 622-5555
5 Fax: (213) 620-8816
E-Mail: dzaro@allenmatkins.com
6 fscollan@allenmatkins.com

7 Attorneys for Defendant
LEHMAN COMMERCIAL PAPER INC.

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF KERN - METROPOLITAN DIVISION

12 SUPERIOR PIPELINES, INC., a California
corporation,

13 Plaintiff,

14 vs.

15 LBREP/L-SUNCAL MCALLISTER
16 RANCH LLC, a Delaware limited liability
company, et al.,

17 Defendants.

Case No. S-1500-CV 263573 WDP

Date: August 21, 2008

Time: 8:30 a.m.

Dept: 15

Judge: Hon. William D. Palmer

STATEMENT OF LEHMAN
COMMERCIAL PAPER INC.
REGARDING PROCEEDINGS ON WRIT
OF ATTACHMENT AS TO THIRD
PARTY MCALLISTER RANCH
IRRIGATION DISTRICT

Complaint Filed: April 15, 2008

22 Lehman Commercial Paper Inc. ("LCPI"), a defendant in this action and the holder
23 of an interest superior to that of Superior Pipelines, Inc., plaintiff ("Superior Pipelines"), in
24 the property at issue, respectfully submits this statement in respect of the proceedings
25 regarding the writ of attachment obtained by Superior Pipelines and served upon third-
26 party McAllister Ranch Irrigation District ("MRID"). The proceedings presently include
27 Superior Pipelines' application for third-party examination of MRID and MRID's request
28 for review of the issuance of the writ of attachment.

1 **I. INTRODUCTION: Superior Pipelines Is Junior to LCPI, And No Purpose Is**
2 **Served By Litigating Over the MRID Money In the Attachment Proceedings.**

3 No matter how the money already paid to MRID is characterized, Superior
4 Pipelines has no rights to it. If, as MRID maintains, it owes nothing to defendant
5 LBREP/L-Suncal McAllister Ranch LLC ("Suncal McAllister"), then Superior Pipelines
6 has no asset upon which the sheriff may levy. If, as Superior Pipelines maintains, Suncal
7 McAllister does have rights to a refund or return of deposit, then LCPI, as administrative
8 agent for several lenders, holds a perfected security interest that is earlier in time and
9 superior in priority to whatever lien Superior Pipelines may have by virtue of its writ of
10 attachment and related papers. Suncal McAllister itself has no equity in the funds, above
11 and beyond the amounts owing to LCPI. Either way, nothing is payable to Superior
12 Pipelines. Thus, no purpose is served by litigating over whether MRID actually owes
13 anything to McAllister Ranch in these attachment proceedings.

14 **II. The MRID Property**

15 The property at issue ("MRID Property") has been described in various ways:

- 16 • "accounts with third parties, where such funds are being held as deposits,
17 advances or otherwise in the name of or for the benefit of defendant LBREP/L-
18 Suncal McAllister Ranch LLC" (Superior Pipelines' application for a right to
19 attach order, temporary protective order, and order for issuance of writ of
20 attachment at ¶ 14);
- 21 • "any monies held by. . . McAllister Ranch Irrigation District as deposits,
22 advances or otherwise for the benefit of in the name of defendant LBREP/L-
23 Suncal McAllister Ranch LLC" (Temporary Protective Order, Finding 2.i);
- 24 • "all property of defendant LBREP/L-Suncal McAllister Ranch LLC which is
25 subject to attachment and which is held by . . . McAllister Ranch Irrigation
26 District" (Writ of Attachment ¶ 5);
- 27 • unused "deposit monies" held by MRID (Memorandum of points and authorities
28 in support of ex parte application for order to appear for examination at 4);

- "monies provided by [Suncal McAllister] to MRID for work orders to be completed by MRID" on the project (Memorandum of points and authorities in opposition to request of defendant McAllister Ranch Irrigation District for hearing to review writ at 3);

It seems mostly undisputed that Suncal McAllister paid MRID more than \$1.5 million for work orders to be performed by MRID for project work. At present, not all of that amount has been used; Superior Pipelines estimates the unused portion at around \$1,000,000. Section 488.010 et seq. of the Code of Civil Procedure describes the various kinds of property subject to attachment — growing crops, tangible personal property, chattel paper, instruments, securities, etc. — and sets forth the method of attaching such property. The MRID Property is best characterized as an account receivable or general intangible under Code of Civil Procedure Section 488.470, as those terms are defined at Code of Civil Procedure Sections 481.030 and 481.115 and in the Uniform Commercial Code.

III. LCPI Has A Security Interest In The MRID Property

LCPI is the administrative agent for various lenders that are party to a \$235,000,000 First Lien Credit Agreement among LBREP/L-Suncal Master I LLC ("Suncal Master"), the lenders, Lehman Brothers Inc., and LCPI dated as of January 19, 2006 ("Credit Agreement"). The lenders lent Suncal Master approximately \$235,000,000 under the Credit Agreement.

Under a First Lien Guarantee and Collateral Agreement dated as of January 19, 2006 ("Guarantee and Collateral Agreement"), Suncal McAllister, along with several other parties, guaranteed Suncal Master's obligations under the Credit Agreement and certain other agreements. Suncal McAllister's guarantee obligation is joint and several. (Article 2 of the Guarantee and Collateral Agreement, and in particular Section 2.1.) Suncal McAllister's guarantee obligation to LCPI is presently at least \$230,000,000.

Under the Guarantee and Collateral Agreement, Suncal McAllister granted LCPI a security interest in substantially all of Suncal McAllister's personal-property assets (other

1 than money and oil, gas, or other minerals before extraction). (Section 3.1 of the
2 Guarantee and Collateral Agreement.) Under the Uniform Commercial Code,¹ the
3 personal property in which a security interest may be granted is divided into several
4 mutually exclusive, collectively exhaustive types of collateral: accounts, chattel paper,
5 commercial tort claims, deposit accounts, documents, general intangibles (including
6 payment intangibles), goods, instruments, investment property, letter-of-credit rights,
7 money, and oil, gas, or other minerals before extraction. See UCC § 9102 generally and
8 § 9102(42) in particular.

9 The indication of collateral in the Guarantee and Collateral Agreement includes all
10 of those types of collateral (except money and oil, gas, or other minerals before extraction)
11 specifically as those types are defined in the UCC. (Section 1.1 of the Guarantee and
12 Collateral Agreement.) Accordingly, LCPI has a security interest in almost everything that
13 Suncal McAllister owns or acquires.

14 This includes in particular all of Suncal McAllister's "Accounts" and "General
15 Intangibles." As discussed above, the MRID Property is either an account receivable or
16 general intangible under the Code of Civil Procedure.

17 A filing statement with LCPI as agent for secured party and Suncal McAllister as
18 debtor was filed January 20, 2006, with the Delaware Secretary of State. The collateral
19 indication is "all assets;" section 9504(2) of the UCC specifically provides that "all assets"
20 is a sufficient indication of the covered collateral in a financing statement. The financing
21 statement also goes on to include a comprehensive supplemental statement of the
22 collateral, similar to the description of the collateral in the Guarantee and Collateral
23 Agreement.

24 Delaware was the proper jurisdiction for filing. A registered organization such as a
25 corporation or limited liability company is "located" in the state in which it is registered,

26
27 ¹ Certain documents purport to be governed by New York law, others by California law.
28 Because there are no relevant differences between the California and New York
enactments of the Uniform Commercial Code, for the sake of simplicity all UCC
references will be to the California Uniform Commercial Code, except where otherwise
noted.

1 section 9307(e): Suncal McAllister is a Delaware limited liability company. Under
2 section 9301(1) of the California UCC, the general rule is that the local law of the
3 jurisdiction in which the debtor is located governs perfection of the security interest, that is
4 Delaware, so Delaware is the proper jurisdiction in which to file the financing statement.
5 The filing of the financing statement was sufficient to perfect LCPI's security interest in
6 most of the assets, including in particular the MRID Property. See section 9310 of the
7 UCC.

8 In other words, LCPI had a perfected security interest in most of Suncal
9 McAllister's assets, including any rights to payment with respect to the MRID Property, as
10 of January 2006.

11 **IV. Lehman's Security Interest In The MRID Property Is Superior In Priority To**
12 **Superior Pipelines' Attachment Lien.**

13 Under the Code of Civil Procedure, Superior Pipeline obtained an attachment lien
14 on the MRID Property in April 2008 (assuming such attachment was valid).
15 Section 488.500 provides that a levy on property under a writ of attachment creates an
16 attachment lien on the property from the time of the levy. Superior Pipeline is thus a "lien
17 creditor" under section 9102(52)(A)(i) of the UCC. The first-in-time rule applies: a
18 security interest perfected in 2006 is senior to an attachment lien obtained in 2008. As
19 Paragraph 4:93 of Cal. Prac. Guide: Enforcing Judgments and Debts (The Rutter Group
20 2008) explains, an existing security interest defeats an attachment lien:

21 **Property subject to security interest:** An attachment lien ordinarily only
22 reaches defendant's interest in property *at the time of the levy*. When
23 defendant's property is already subject to a *perfected security interest*, the
24 levy effectively only reaches defendant's *equity* in the property (if any).

(Emphasis in the original.)

25 This all operates in a somewhat mechanical fashion, but the conclusion is
26 inescapable: LCPI has a perfected security interest in Suncal McAllister's rights, whatever
27 they may be, with respect to the MRID Property. That security interest is senior in time
28

1 and priority to Superior Pipelines' lien. Suncal McAllister has no equity, above and
2 beyond LCPI's secured claim, in the MRID Property.

3 V. CONCLUSION.

4 If Suncal McAllister has no rights with respect to the money it paid to MRID, then
5 Superior Pipelines has nothing to levy upon. If Suncal McAllister does have such rights,
6 Superior Pipelines' loses to LCPI. In light of such an outcome, LCPI respectfully suggests
7 that nothing need be done in this proceeding to address the potentially difficult disputes
8 raised by MRID and Superior Pipelines. The parties should be permitted to focus their
9 energies on the underlying foreclosure action.

10
11 Dated: August 19, 2008

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
ROBERT R. BARNES
FRANCIS N. SCOLLAN

12
13
14 By: 

Francis N. Scollan
Attorneys for Defendant
LEHMAN COMMERCIAL PAPER
INC.